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From: Wayne Hedberg
To: MWright, Mnrls
Date: 10/28/97
Subject: UPDATE - American Stone, Cotton Thomas Non-Compliance (M/003/024)

I called Lon Thomas of American Stone this afternoon to discuss why we had not received the \$29,000 reclamation surety which was due on October 22, 1997. He stated that he was unaware that his surety company had not provided us with the required surety bond. I advised Lon that we had called his surety last Wednesday when we had not heard from him (he was in Vancouver). We were advised that his surety bond request had been rejected. He stated that he had called the surety at least 4 times and had been advised that everything would be taken care of. Lon said the surety company had not informed him that his bond had not been issued.

He said he would contact his bank to work out another form of surety. Lon stated he was heading out of town tomorrow morning and wouldn't return until Friday. I asked him to give his banker my name and number before he left town so that we could start the paperwork in his absence. He said his banker was (Larry Curtis) and the bank was 1st Security Bank.

I subsequently received a call from Mr. Curtis. I told him I would telefax over the appropriate forms to put a Certificate of Deposit in place. Mr. Curtis stated he would turn over the paperwork to his associate Allyson Knutson for processing.

The paperwork was faxed to the bank and Ms. Knutson called me to confirm all was in order for us to finalize the standard CD cover letters. I advised we would prepare same and send over the 3 original copies for signature in the morning. She said she will prepare the \$29,000 CD and send us the green card for appropriate signature.

A copy of this note will be copied to the mine file (M/003/024).

CC: DMoquin, LBraxton